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THE Wheat SITUATION

BUREAU OF AGRICULTURAL ECONOMICS
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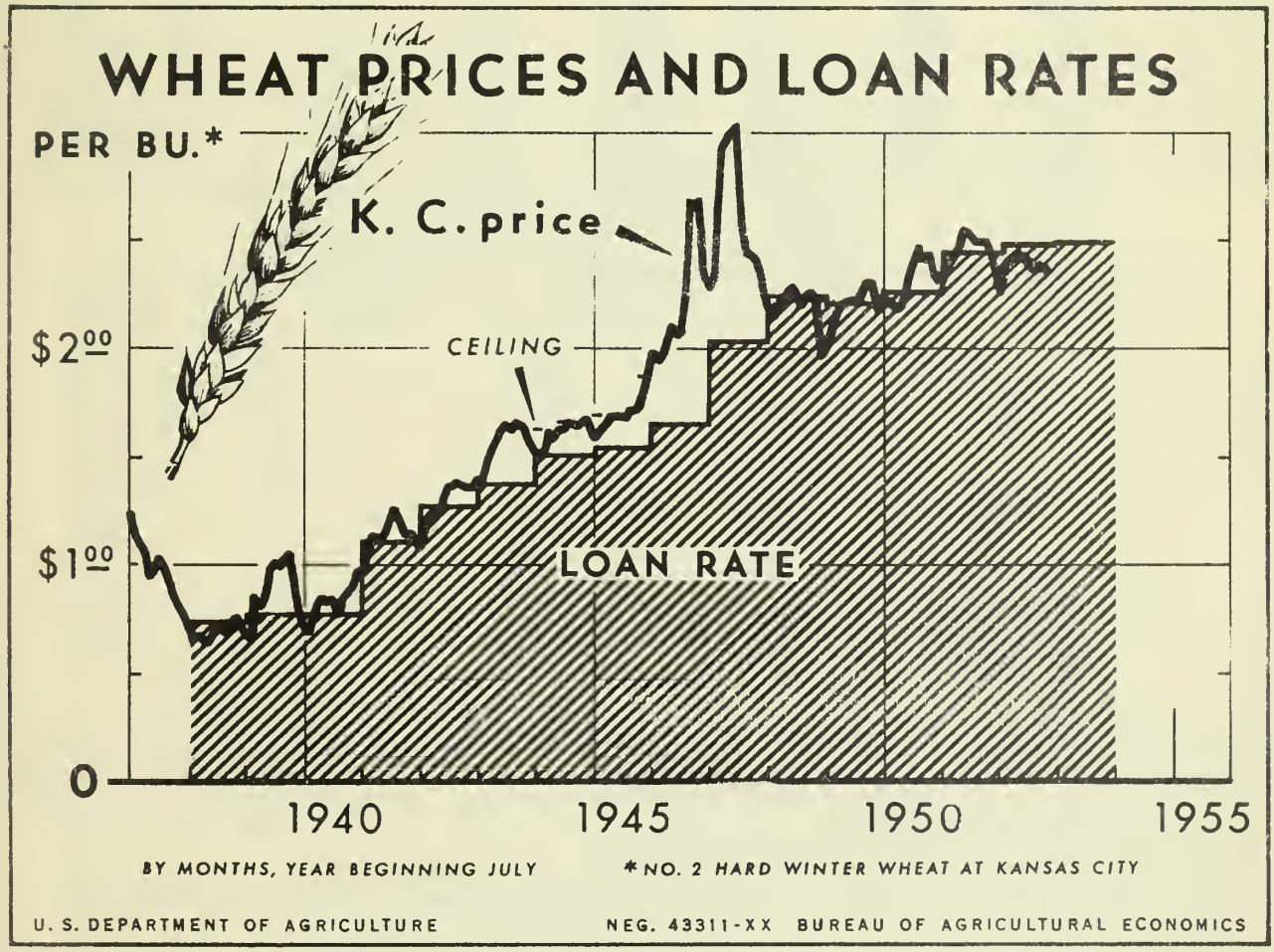
In this issue:
Information on wheat allotments and marketing quotas



In every marketing year in the last 14, the monthly average cash hard winter wheat prices was lowest of the year in either June, July, or August. Last year, July averaged lowest, but the low for a day occurred on June 28. In 8 of the last 13 years, prices averaged highest in March or later. In other years, except in the current year when prices averaged highest in November, the high has occurred in December-February. Prices have exceeded the loan at sometime during the season in every year except 1952-53. Except for 1946-47 and 1947-48, when demand was exceptionally strong, wheat prices have averaged around the effective loan level for the season.

Table 1.- Wheat: Loan rate, actual price to growers, supply and distribution factors, quantity pledged and delivered to CCC, stocks owned by CCC and loans outstanding, 1938-53

Year beginning July	Gross loan rate	Average actual price to growers 1/	Price above loan	Supply and distribution factors: Total domestic supply 2/	Domestic disappearance 3/	Net exports 4/	Year-end carry-over	Pledged for CCC loans
	Dollars	Dollars	Dollars	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1938	0.59	0.56	-0.03	1,073	714	109	250	85.7
1939	.61	.69	.08	991	663	48	280	167.7
1940	.64	.67	.03	1,094	675	34	385	278.5
1941	.98	.94	-.04	1,327	668	28	631	366.3
1942	1.14	1.09	-.05	1,600	949	32	619	408.1
1943	1.23	1.35	.12	1,463	1,237	5/ -91	317	130.2
1944	1.35	1.41	.06	1,377	992	106	279	180.4
1945	1.38	1.49	.11	1,387	895	392	100	59.7
1946	1.49	1.90	.41	1,252	767	401	84	22.0
1947	1.83	2.29	.46	1,443	757	490	196	31.2
1948	2.00	1.98	-.02	1,491	678	506	307	6/ 254.0
1949	1.95	1.88	-.07	1,405	679	301	425	7/ 335.3
1950	1.99	2.00	.01	1,444	690	358	396	8/ 188.4
1951	2.18	2.11	9/ -.07	1,377	673	448	256	10/ 200.0
1952 11/	2.20	2.10	9/ -.10	1,547	669	298	580	12/ 395.6
1953 11/	2.21			1,712	686			

Year beginning July	Delivery to CCC up to year-end (June 30)	CCC stocks and loans outstanding at year-end (June 30): Stocks owned by CCC	Under loan: Current crop	Crops of previous years	Total
	Million bushels	Million bushels	Million bushels	Million bushels	Million bushels
1938	15.7	6.0	21.5	0.4	27.9
1939	7.7	1.6	10.3	0	11.9
1940	173.7	169.2	31.3	7.1	207.6
1941	269.8	319.7	98.1	2.4	420.2
1942	184.0	259.8	133.3	4.2	397.3
1943	.3	99.1	15.5	3.6	118.2
1944	46.3	103.7	20.1	1.9	125.7
1945	.2	29.0	2.5	0	31.5
1946	0	18.6	.7	0	19.3
1947	0	32.9	.8	3.4	37.1
1948	13/ 208.6	232.3	16.3	4.7	253.3
1949	14/ 224.6	327.7	28.5	5.0	361.2
1950	15/ 36.0	196.4	8.9	2.3	207.6
1951	16/ 73.5	143.3	11.6	10.7	165.6
1952					
1953					

1/ United States marketing year prices are the result of (1) weighting State monthly prices by monthly sales to obtain State marketing-year averages, and (2) weighting the State marketing-year averages by total sales for each State. Includes an allowance for unredeemed loans at average loan values beginning 1938.
2/ Beginning carryover plus production.
3/ Total supply minus net exports minus year-end carryover.
4/ Includes shipments to United States territories of about 4 million bushels annually.
5/ Exports totaled 45 million bushels and imports used to supplement domestic animal feed supplies totaled 136 million bushels.
6/ Excludes 113.4 million bushels of 1948 crop wheat put under purchase agreements.
7/ Excludes 46.4 million bushels of 1949 crop wheat put under purchase agreements.
8/ Excludes 8.6 million bushels of 1950 crop wheat put under purchase agreements.
9/ Growers assumed storage charges, which averaged about 7 cents per bushel.
10/ Excludes 13.3 million bushels of 1951 crop wheat put under purchase agreements.
11/ Preliminary.
12/ Excludes 62.2 million bushels of 1952 crop wheat put under purchase agreements.
13/ Excludes 57.4 million bushels of 1948 crop purchase agreement wheat delivered to CCC by June 30.
14/ Excludes 3.2 million bushels of 1949 crop purchase agreement wheat delivered to CCC by June 30.
15/ Excludes 0.2 million bushels of 1950 crop purchase agreement wheat delivered to CCC by June 30.
16/ Excludes 5.4 million bushels of 1951 crop purchase agreement wheat delivered to CCC by June 30.

THE WHEAT SITUATION

Approved by the Outlook and Situation Board, June 17, 1953

SUMMARY

On the basis of June 1 conditions, a 1953-54 wheat supply of 1,717 million bushels, 7 percent above the previous record in 1942-43 and 9 percent above this year, is in prospect. The supply consists of a carryover July 1, 1953 of about 580 million bushels, a crop forecast at 1,132 million bushels as of June 1, and probable imports of about 5 million bushels. The next crop report, which will appraise the effects of drought in the Southwest as well as weather changes over the rest of the wheat belt, will be released on July 10 covering conditions as of July 1.

Domestic disappearance in 1953-54 is indicated at about 690 million bushels, which would leave about 1,025 million for export and carryover. Even if exports next year reach the 315 million bushels estimated for 1952-53, more than 700 million would be left for carryover on July 1, 1954, about 130 million more than indicated for a year earlier.

Wheat prices usually start adjusting to new crop winter wheat conditions at about mid-May and reach a low-point for the season sometime in the June-August period. The decline this year began on May 12 with a particularly sharp drop occurring on June 15 when the cash price of No. 2 Hard Winter Wheat, ordinary protein, at Kansas City fell 16 cents per bushel to $1.95. The decline reflected the improvement in the winter wheat crop and concern over storage facilities. Prices have since recovered substantially and on June 19 the price of No. 2 Hard Winter at Kansas City was $2.04.

The June 15 decline carried the Kansas City price for No. 2 Hard Winter 54 cents below the 1953 loan rate, the farthest the price of this grade has ever been below the loan. The former low point was in 1949, when the price fell to 35 cents below the loan on July 2. This would be comparable to about 48 cents today if allowance is made for storage charges of about 13 cents, which are now assumed by farmers.

Wheat prices are usually below the loan at this time of the year. This is due to several factors. The wheat support program operates through loans to eligible farmers rather than through open-market purchases. Many farmers are willing to sell below the loan at harvest time and forego the carrying charge, while other farmers are often willing to take less than the loan equivalent rather than to process the loan and find and provide the necessary storage space. Then there are always some quantities of wheat of low grade or high-moisture content which will not qualify for a loan.

Prices to growers in the 1952-53 marketing year which ends June 30 averaged about 10 cents per bushel below the announced loan rate and about 1 cent under the effective loan rate (the announced rate minus an allowance for warehouse storage). Because of the large supplies in prospect, prices in 1953-54 are expected to average somewhat farther below the loan rate than in 1952-53.

The Department of Agriculture announced on June 17 that it would make emergency price support loans on wheat stored on the ground or in temporary facilities in certain areas where there is a shortage of storage facilities. The loans will be made on a 90-day basis at the rate of 80 percent of the support level, with producers assuming full responsibility for quantity and quality during the loan period. Such loans will be made within counties designated by PMA Committees in the States of Nebraska, Kansas, Colorado, Oklahoma, and Texas.

If the Secretary of Agriculture proclaims marketing quotas for the 1954 crop, the law requires that he do so by July 1. If quotas are proclaimed, a referendum of producers will be held not later than July 24. Supports at 90 percent of parity will be available to cooperators--those who plant within their farm acreage allotments--if marketing quotas are upheld by a two-thirds majority of qualified voters. Moreover, when quotas are in effect, non-cooperators are subject to a penalty per bushel equal to 50 percent of the basic loan rate on wheat sold in excess of the farm marketing quota (the production from the farm acreage allotment). If marketing quotas are rejected by producers, those who do not plant more acres than their allotments will be eligible for loans at only 50 percent of the parity price. Those that exceed their acreage allotments may be given only such price support as the Secretary may make available, up to 50 percent of the parity price.

Whether or not marketing quotas are approved for the 1954 crop, prices for the 1953 crop will be supported by loans and purchase agreements at not less than a national average to farmers of $2.21 per bushel. The equivalent at Kansas City is $2.49 for No. 2 Hard Winter and $2.52 for No. 1 Dark Northern Spring at Minneapolis.

THE DOMESTIC WHEAT SITUATION

Prospective Wheat Supplies Set New Record

The total wheat supply for 1953-54 is now estimated at about 1,717 million bushels, consisting of an indicated carryover July 1, 1953 of about 580 million,1/ a crop (June 1)basis of 1,132 million bushels and probable imports of about 5 million bushels which will be used mainly for feed purposes. This supply would be the largest on record and 7 percent above the previous record of 1,601 million bushels in 1942-43. It also would be 9 percent above the 1,568 million bushels of 1952-53.

Domestic disappearance for 1953-54 is estimated at about 690 million bushels, about the same as the 670 million of 1952-53. Civilian and military food use (including use by Territories of the United States) is expected to be about 500 million bushels, slightly above 1952-53. Feed use may be about 110 million, compared with an estimated 90 million in the current year. About 80 million bushels may be used for seed.

A domestic disappearance of 690 million bushels would leave about 1,025 million bushels from the total supply of 1,717 million. Even if exports reach the 315 million bushels estimated for 1952-53, more than 700 million bushels would be left for carryover on July 1, 1954. A carryover of this size would be 13 percent above the high record of 631 million in 1942, and 23 percent above the 580 million bushels indicated for July 1, 1953.

1/ Indicated on the basis of supplies less estimated disappearance. Official estimate on July 1 carryover stocks will be released on July 24.

Exports in 1953-54 will depend upon the way crops turn out in both exporting and importing countries, whether the International Wheat Agreement is ratified, and the United States level of prices.

The prospective 1953 wheat crop of 1,133 million bushels consists of the following, in million bushels (1952 figures in parentheses): Winter wheat 770 (1,053), durum 31 (21), and other spring wheat 332 (217). Total wheat production would be one-eighth smaller than the bumper 1952 crop of 1,291 million bushels but larger than the 1,019 million bushels produced in 1950 and the 981 million in 1951. The average crop for the most recent 10-year period is 1,089 million bushels.

A winter wheat crop of 769.9 million bushels would be about 27 percent smaller than the 1,053 million bushels produced in 1952 and somewhat below the most recent 10-year average of 797 million. After a rather poor start, the outlook for wheat has continued to improve in recent months throughout most of the country. The principal exception is the winter wheat producing areas of the Southern Great Plains, where considerable acreage has been abandoned, due to an extended period of extremely dry weather. The yield per harvested acre for the United States is estimated at 17.3 bushels. This compares with 20.9 bushels in 1952 and the average of 17.6 bushels.

A spring wheat crop (including durum) of 363 million bushels was forecast, based on condition as of June 1 and intended acreage. This is more than 50 percent larger than last year's harvest of 239 million bushels and considerable above the 10-year average of 291 million. The unprecedented production stems from high prospective yields and a relatively large seeded acreage. Above normal precipitation has supplied adequate moisture for germination and early development. Excessive moisture in some areas delayed seeding and may have resulted in some shifts to other crops, but this may have been offset by plantings elsewhere which have exceeded intentions. The intended plantings of 21.6 million acres of spring wheat are slightly more than last year and 12 percent above the 1942-51 average. Current supplies of soil moisture are adequate to abundant in all major spring wheat producing States. A 7 percent reduction in intended durum acreage is more than compensated for by the high yield per acre now in prospect.

Exports In 1952-53 are About 315 Million: Carryover July 1, 1953 About 580 Million

Domestic disappearance and exports in 1952-53 are now estimated at about 987 million bushels. Civilian and military food use (including Territories of the United States) is estimated at 495 million, feed at 90 million, and seed at 87 million. Exports of wheat, flour, and other products in terms of wheat totaled close to 300 million bushels for 11 months, July 1952 through May 1953. For the full year, they now are expected to total about 315 million bushels. The United States quota under the International Wheat Agreement this year was 253 million bushels, most of which will be shipped.

With total supplies of 1,568 million--consisting of the carryover July 1, 1952 of 256 million bushels, the crop of 1,291 million, and imports now estimated at 21 million--disappearance of 987 million bushels would leave a carryover July 1, 1953 of about 580 million bushels.

Wheat Prices Adjusting to New Crop Conditions; National Average Support Price at Not Less than $2.21

Wheat prices usually start adjusting to new crop winter wheat conditions at about mid-May and reach a low-point for the season in the June-August period. The decline this year began on May 12 with a particularly sharp drop occurring on June 15 when the cash price of No. 2 Hard Winter Wheat, ordinary protein, at Kansas City, fell 16 cents per bushel to $1.95. The decline reflected the improvement in the winter wheat crop and concern over storage facilities. Prices have since recovered part of the loss.

The June 15 decline carried the Kansas City price for No. 2 Hard Winter 54 cents below the 1953 loan rate, the farthest the price of this grade has ever been below the loan. The former low point was in 1949 when the price fell to 35 cents below the loan on July 2. This would be comparable to about 48 cents today if allowance is made for storage charges of about 13 cents which are now assumed by farmers.

The price of No. 2 Hard Winter at Kansas City on June 17 was $2.04, or 45 cents below the preliminary gross loan rate on the 1953 crop, or 32 cents under the net loan, after deducting 13 cents for storage. 2/ The price of No. 1 Dark Northern Spring at Minneapolis on the same date was $2.31, or 21 cents below the preliminary gross rate, or 9 cents under the net loan after deducting 12 cents for storage.

The Department of Agriculture announced on June 17 that it will make emergency price support loans on wheat stored on the ground or in temporary facilities in areas of the Southwest where a shortage of storage facilities has been reported. These loans will be made at a lower rate than for wheat stored in approved farm or warehouse facilities. A similar loan was offered on June 7, 1949 at a rate of 75 percent of the regular loan.

Since 1949, CCC has acquired 500 million bushels of new grain storage capacity to take care of enlarged needs. Non-Government space has also increased. Apparently, however, because of record supplies some difficulties may be expected this year in obtaining adequate storage space.

It is estimated that on July 1 of this year over 500 million bushels of wheat will be either held by CCC or placed under the reseal program recently announced. Even though a large proportion of the wheat supply was under loan or held by CCC this spring, prices failed to increase before

2/ Storage charges deductible for deposit period indicated are as follows: For Area I, which includes the Pacific Northwest, 12 cents per bushel for May 21-June 19, and 11 cents for June 20-July 19. Area II, which includes the Spring Wheat States, 12 cents for June 10-July 9, and 11 cents for July 10-August 8. Area III, which includes Kansas, Missouri, and Nebraska, 13 cents for May 26-June 24, and 12 cents for June 25-July 24. Area IV, which includes Texas and Oklahoma, 13 cents for June 10-July 9, and 12 cents for July 10-August 8.

the time of the adjustment to new crop conditions. Moreover, 1952-53 is the first year since support programs were started in 1938 that prices did not average above loan rates some time during the season. Contributing to this situation were large supplies of soft red winter wheat for which the market is limited, and the prospects of record supplies in 1953-54.

Prices to growers in the 1952-53 marketing year which ends June 30 averaged about 10 cents per bushel below the announced loan rate and about 1 cent under the effective loan rate (the announced rate minus an allowance for warehouse storage). 3/ Because of the large supplies in prospect, prices in 1953-54 are expected to average somewhat farther below the loan rate than in 1952-53.

Whether or not marketing quotas are approved for the 1954 crop, prices for the 1953 crop will be supported by loans and purchase agreements at not less than a national average to farmers of $2.21 per bushel, which compares with $2.20 for the 1952 crop. The equivalent at Kansas City is $2.49 for No. 2 Hard Winter and $2.52 for No. 1 Dark Northern Spring at Minneapolis.

The 1953 wheat crop consists of a relatively small proportion of hard red winter wheat. This, together with an unusually heavy movement expected into approved storage for loans, should give support to prices for this class of wheat. On the other hand, production of soft red winter wheat, which has had a depressing effect on the market during the current year, appears to be somewhat larger than in 1952. Over much of the soft red winter wheat area, warehouse storage space is limited and farmers lack facilities for storage on their own farms. This is in part due to the fact that farmers producing this type of wheat usually have small acreages and the fact that conditions in the producing area are not as favorable for storage as farther west and north.

INFORMATION ON WHEAT ALLOTMENTS AND MARKETING QUOTAS

Existing farm legislation provides for acreage allotments for wheat each year except in times of national emergency and for marketing quotas 4/

3/ The National average support price for the 1953 crop was announced on September 9, 1952 at not less than $2.21 per bushel compared with $2.20 for the 1952 crop. This was 90 percent of the August 15, 1952 wheat parity price of $2.46. This announced level will be increased to 90 percent of the wheat parity price on July 1, 1953 in the event parity was higher at that time. However, parity on May 15 this year was only $2.43 as compared with the August 15, 1952 parity of $2.46.

4/ Acreage allotments for wheat have been in effect six times since 1938, as follows:

Crop	Acres
1938	62,000,000
1939	55,000,000
1940	62,000,000
1941	62,000,000
1942	55,000,000
1950	72,776,000

Acreage allotments were proclaimed for the 1943 and 1951 crops but were terminated under the emergency powers of the Agricultural Adjustment Act after winter wheat was planted. Acreage allotments for the crops of 1944-49, inclusive, and for 1952 and 1953 were dispensed with under the emergency powers of the AA Act. Marketing quotas have been in effect only for the 1941 and 1942 crops of wheat.

when supplies get out of line with demand. Because there is a real possibility of marketing quotas being proclaimed on the 1954-crop wheat, many questions are being asked about the manner in which these allotments and quotas may be put into effect. In the following many of these questions are answered:

A. Acreage Allotment For Wheat:

1. The Secretary of Agriculture "proclaims" the national acreage allotment for the next crop of wheat not later than July 15 each year, under the provisions of the Agricultural Adjustment Act of 1938, as amended.

2. The size of the national wheat acreage allotment must be large enough to produce a crop which, together with the carryover and imports, will make available a supply equal to a normal year's domestic consumption and exports plus 30 percent of such consumption and exports. The national acreage allotment, however, cannot be less than 55 million acres under existing legislation. 5/

3. The national acreage allotment is apportioned to States, to counties, and finally to individual farms. The apportionments to States, and to counties within States, are made on the basis of the acreage seeded for production of wheat during the preceding 10 calendar years, with adjustments for abnormal weather conditions and trends in acreage during the 10-year period. The county acreage is apportioned to individual farms on the basis of tillable acres, crop-rotation practices, type of soil, and topography.

4. Producers are not penalized for failure to comply with acreage allotments when marketing quotas are not in effect, except that the producer who is not a cooperator is entitled to only such support as the Secretary, in his discretion, may make available to such noncooperators.

B. Marketing Quotas For Wheat:

1. The Secretary is required under the AA Act to follow certain legal formulas in determining whether quotas are required. He must proclaim quotas when (1) the total supply of wheat for the next marketing year will be more than 20 percent larger than the normal supply, or (2) when the total supply for the current marketing year is not less than the normal supply, and the average farm price for 3 successive months of the current marketing year has not exceeded 66 percent of the parity price.

5/ Bills are pending in Congress which, if passed, would raise the minimum national acreage allotment to 62 million acres or 66 million acres.

The following explanation, applicable to the 1954 crop of wheat, tells how "total supply" and "normal supply" are determined:

> Total supply: The carryover at the end of the current marketing year--June 30, 1953--would be added to total production from the 1953 crop. To this would be added the estimated imports for the next marketing year (1953-54). The resulting grand total would be the "total supply" as defined in the AA Act.
>
> Normal supply: The domestic consumption for the current marketing year (1952-53) would be added to the estimated exports for the next marketing year (1953-54). To this total would be added 15 percent as an allowance for carryover reserves. The resulting grand total would be the "normal supply" as defined in the legislation.

2. When the Secretary of Agriculture determines that wheat marketing quotas are required, he must proclaim such fact not later than July 1, 1953 for the marketing year that begins on July 1, 1954.

3. Producers have a voice in determining whether the marketing quota program shall be put into effect. The AA Act provides that "the Secretary shall conduct a referendum, by secret ballot, of farmers who will be subject to the quota 6/ to determine whether such farmers favor or oppose such a quota program. If more than one-third of the farmers voting in the referendum oppose the quota program, the Secretary shall, prior to the effective date of such quotas, by proclamation suspend the operation of the marketing quota program.

4. Individual marketing quotas are based on acres--not bushels. Generally speaking, the marketing quota for an individual farm is the quantity of wheat produced on the farm acreage allotment.

5. If the farm acreage allotment is exceeded, the "farm marketing excess" must be determined. This is computed, in terms of bushels, on the basis of the normal production of the excess acreage.

6. The "farm marketing excess" may be marketed by the producer. But the producer is subject to penalty per bushel equal to 50 percent of the basic loan rate. (The basic loan rate on 1952-crop wheat was $2.20 per bushel).

> Producers may postpone or avoid the penalty by storing the farm marketing excess in accordance with regulations issued by the Secretary; or he may deliver such excess to the Secretary for disposal. Until the farm marketing excess is stored, delivered, or the penalty paid, the entire crop of wheat is subject to a lien in favor of the United States for the payment of the penalty. The purchaser is required to pay the penalty, although he may deduct an amount equivalent to the penalty from the price paid to the producer.

6/ Under present legislation the wheat marketing quota program does not apply to any farm on which the acreage planted to wheat does not exceed 15 acres or the production does not exceed 200 bushels. Bills are now pending in Congress which, if passed, would raise the minimum to 25 acres or 400 bushels.

7. The price support level would be reduced if producers should disapprove marketing quotas for wheat. The Agricultural Act of 1949 provides that "the level of price support to cooperators for any crop of a basic agricultural commodity, except tobacco, for which marketing quotas have been disapproved by producers shall be 50 percent of the parity price of such commodity . . ." 7/

C. Differences between acreage allotment and marketing quota programs for wheat:

1. In the absence of a national emergency, a national acreage allotment must be proclaimed by the Secretary each year, even though the supply situation is such as not to require the proclamation of marketing quotas. A marketing quota program, on the other hand, can be proclaimed only when the supply or price level reaches a certain point, as specified in the AA Act.

2. Acreage allotment programs as such need not be approved by producers, whereas marketing quota programs must be.

3. No "penalties" are invoked by noncompliance with an acreage allotment program when marketing quotas are not in effect. However, overplanting the farm acreage allotment affects the producer's eligibility for price support. As pointed out earlier, the producer is not eligible for price support as a Cooperator. "Penalties" are assessed on excess marketings when quotas are in effect, and noncooperators are ineligible for price support at the level applicable to cooperators.

THE WORLD WHEAT SITUATION

Wheat Harvest Generally Favorable in Northern Hemisphere Countries 8/

Latest reports indicate that the wheat harvest now getting under way in the Northern Hemisphere is generally promising in most important producing countries for which reports have been received.

The outlook for the crop in Canada is less promising than at this time last year, with heavy rains holding up seeding operations in early June, over wide areas of the Prairie Provinces, especially in southern districts. Farmers announced their intentions to plant 25.9 million acres, about the same as in 1952, but since an estimated 10 to 20 percent of the intended wheat acreage had not been seeded by early June, it seemed likely that some of the acreage originally intended for wheat would be shifted to coarse grains or go into summerfallow. In any case a large proportion of late-seeded acreage was expected to go into coarse-grains and flaxseed rather than wheat. Early-seeded crops are in generally satisfactory condition.

Prospects for the wheat outturn in Western Europe are generally good, though not up to the exceptional 1952 crop. Of the principal producing

7/ This might well mean the National average support level would be between $1.15 and $1.20 for the 1954 crop, compared with $2.20 per bushel announced for the 1952 crop. Market prices, however, would not be expected to average this low, since wheat would come into competition with corn on a feed grain basis at about corn prices -- wheat and corn being about equal in feeding value on a pound-for-pound basis.

8/ From Foreign Crops and Markets, June 22, 1953, Foreign Agricultural Service, USDA.

countries, the best prospects are reported for Italy, where recent improvement makes the outlook good for a crop at least as large as the near-record harvest last year. In France the condition of the growing crop was less favorable at the beginning of May than it was a year earlier. However, if growing conditions are good until harvest, wheat yields are expected to be rather high on a total acreage slightly below that of last year. The outlook improved substantially following the excellent weather of April and early May. Though the condition of the crop in Western Germany is not up to the high level of a year ago, yields are indicated to be good. Total wheat acreage is slightly less than in 1952, with winter wheat area smaller but spring wheat acreage larger than that of a year ago. Least favorable conditions are reported for Spain where continued dry weather and hot winds were adversely affecting crop prospects at the end of May. The outlook there was somewhat less favorable than at that time a year ago. In the United Kingdom the crop is generally satisfactory, except for parts badly damaged by wheat bulb fly. Total wheat acreage is estimated to be somewhat larger than that of the past 2 years.

The outlook for the 1953 wheat crop in the Soviet Union is still uncertain, with the situation appearing, on the whole, favorable but still subject to many hazards during the remainder of the growing and harvesting periods. Seeding of the spring wheat acreage, which normally accounts for about two-thirds of the Union's total wheat acreage, had been virtually completed by mid-May despite a delayed and unsettled spring and the necessity of plowing up a large area, because of the nonfulfillment of the fall plowing goals. Winter grain is reported to be growing especially well in southern regions, which constitute the winter grain belt of the Union. Moisture supplies seem adequate in most regions.

Crop conditions in Yugoslavia are reported excellent with the breadgrain outlook the best since the war. In Hungary, early conditions were indicated to be unfavorable. Later rains improved yield prospects. Shortage of seed wheat at sowing time, some winter damage, and dryness were factors mentioned as contributing to the unfavorable outlook. Seeding in Bulgaria appears to have taken place under favorable conditions. Rumania's wheat crop is described as in good condition at latest report.

Information available for Asia points to good crops for most countries. The outlook in Turkey is very favorable, and the wheat crop is expected to exceed the record harvest of 1952. This would be the third successive bumper crop for that country. Japan's crop is estimated to be about at the 1952 level, which was well above average. Iran also expects a wheat harvest about the same as in 1952. Exceptions to the good prospects are noted for India, where the tentative estimate for wheat is only slightly above the small outturn reported for last year, and for Pakistan where a smaller outturn than last year's is reported, as a result of two successive years of drought. Official estimates place this year's harvest about 20 percent below the small harvest of 1952. Dry conditions at seeding time caused a reduction in acreage, and yields were reported even less than the low 1952 yields.

Conditions in Africa indicate that the total wheat production for that continent may be larger than average, though not up to the good 1952 harvest. Conditions are variable with smaller harvests than last year in French North Africa, especially in Algeria and Tunisia, and a considerably larger outturn forecast for Egypt. Though it is too early in the season for any definite

information on the Union of South Africa, recent reports indicate that the acreage seeded to wheat for the 1953-54 harvest may be considerably reduced because of the lateness of summer crops and unusual rains in that Southern Hemisphere country.

Seeding Active in Southern Hemisphere Countries

Seeding is actively under way in Argentina and Australia, the principal wheat producers of the Southern Hemisphere. Soil conditions in Argentina are excellent and it is expected that the wheat area seeded will be about the same as the relatively large area seeded last year. On the basis of incomplete information on seeding plans in Australia, a substantial increase in wheat acreage for the next crop is expected.

United Kingdom Permits Free Imports of Grains 9/

In accordance with an announcement of the British Board of Trade, open individual licenses are being issued to British importers allowing them to import wheat and flour, feed grain, and miscellaneous feedstuffs from any country, including the dollar area, effective May 1, 1953 to June 30, 1954.

In its original announcement last January of intentions to decontrol trade in bread and feed grains, the British Government stated that imports from dollar areas would continue to be restricted in order to safeguard the balance of payments, but that some imports from such areas would be permitted if necessary to maintain reasonable prices and to prevent shortages. While the Board of Trade's recent announcement removes all restrictions on bread and feedgrains until June 30, 1954, it was indicated that controls may again be imposed if imports become excessive.

The decision to place Britain's grain trade on a free import basis is the first major departure from the system of restricting imports from dollar areas. The freedom to import from any source will eliminate the premiums that have heretofore been paid for nondollar grain. Not only will the price paid for imports from any source now be comparable, but the free movement of foreign grain into the country will also tend to limit price increases for domestic grains. It should be noted, however, that the Government intends to permit unrestricted imports from nonsterling areas only as long as the country's payments position is not jeopardized.

A related problem is the effect of decontrol on British price support schemes which assure farmers minimum prices. If world prices should drop below the support level, grain could move into the country and depress domestic prices. In that event, imports might again be restricted, or British farmers might be given a subsidy to make up the difference between import prices and support prices.

The American Embassy points out that the issuance of open individual licenses may result in wheat and corn being imported in larger quantities. However, whether or not purchase will be made from the United States will be determined by such factors as competitive prices and the availability of supplies from other sources.

9/ From Foreign Crops and Markets, May 4, 1953, Foreign Agricultural Service, USDA.

Table 2 .- Wheat, No. 2 Hard Winter: Price, loan value and ceiling at Kansas City, 1937-53

(Data for cover page)

Year beginning July	Weighted cash price of No. 2 Hard Winter Wheat at Kansas City 1/												Loan value at Kansas City 2/
	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May	June	
	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents	Cents
1937	122.5	111.8	109.5	106.0	94.2	96.5	102.7	99.6	91.5	84.6	79.7	76.7	---
1938	70.0	65.5	65.7	65.7	63.3	66.9	70.9	69.2	68.7	69.6	75.7	70.9	72
1939	66.7	64.6	85.9	82.7	85.8	98.3	101.2	99.4	102.1	105.7	94.7	76.3	77
1940	70.7	69.3	75.8	81.6	84.5	83.0	84.7	77.8	85.0	87.2	90.4	97.3	77
1941	98.3	106.6	114.1	112.2	113.4	120.1	125.6	123.1	121.0	114.6	114.9	110.9	110
1942	107.9	111.2	120.3	120.5	123.1	130.5	136.8	137.0	139.9	138.4	138.1	137.0	127
1943	140.1	139.8	145.8	152.3	156.4	162.8	164.8	163.0	165.2	164.0	163.2	155.6	137
1944	152.1	150.8	153.0	161.3	159.1	162.0	163.6	165.8	166.3	165.7	166.7	168.2	150
1945	158.3	159.8	162.1	168.3	168.9	169.2	169.2	169.1	172.0	172.1	---	186.1	153
1946	197.8	193.8	196.0	203.9	210.4	207.2	209.0	226.1	269.4	267.6	269.3	237.3	164
1947	228.8	231.8	264.6	295.3	299.9	301.1	303.2	250.8	245.4	244.5	240.2	229.4	202
1948	219.3	215.0	220.4	222.6	228.2	228.7	225.0	219.6	224.1	226.0	222.1	195.1	223
1949	200.4	206.0	215.2	218.8	220.2	222.1	222.3	222.4	227.2	230.6	230.0	217.0	220
1950	222.8	220.9	221.0	217.9	222.4	234.6	240.2	247.6	240.1	243.5	238.4	234.3	225
1951	230.7	233.0	238.3	245.2	254.0	254.1	251.9	249.2	249.6	249.2	244.6	230.6	244
1952	225.1	232.3	240.9	241.6	245.8	244.5	240.2	235.8	239.5	238.7	235.5		248
1953													249

1/ Computed by weighting selling price by number of carlots sold as reported in the Kansas City Grain Market Review. In this price, wheat of above as well as below 13 percent protein is included.

2/ Loan rate is for wheat of less than 13 percent. Ceiling became effective January 4, 1944 at $1.62 including 1½ cents commission, basis protein of less than 13 percent. On December 13, 1944 it was raised to $1.66, on May 30, 1945 to $1.691, on March 4, 1946 to $1.721 and on May 13, 1946 to $1.871. On June 30, 1946, ceilings expired.

Table 3.- Wheat: Stocks in the United States on April 1, 1947-53

Stocks position	1947	1948	1949	1950	1951	1952	1953
	1,000 bushels	1,000 bushels	1,000 buslehs	1,000 bushels	1,000 bushels	1,000 bushels	1,000 bushels
Farm 1/	139,873	256,577	243,582	193,579	217,111	197,895	268,440
Interior mills, elevators and warehouses 2/	61,000	75,434	147,878	190,884	200,642	112,337	245,848
Terminals (commercial) 3/	32,838	70,174	124,656	180,659	193,663	124,865	217,258
Merchant mills and mill elevators 4/	71,957	73,714	63,229	88,423	101,052	80,760	101,691
Commodity Credit Corp. 5/	2,903	3,845	3,376	5,548	3,156	2,037	7,261
Total	308,571	479,744	582,721	659,093	715,624	517,894	840,498

1/ Estimates of Crop Reporting Board. 2/ All off-farm storage not otherwise designated. 3/ Commercial stocks reported by Grain Branch, PMA at 43 terminal cities. 4/ Mills reporting to the Bureau of Census on millings and stocks of flour. 5/ Owned by CCC and stored in bins or other storage owned or controlled by CCC; also CCC-owned wheat in transit and in Canadian elevators. Other wheat owned by CCC as well as wheat outstanding under loan is included in other stocks positions.

Table 4.- Wheat: Weighted average cash price, specified markets and dates, 1952-1953

Month and date	All classes and grades six markets		No. 2 Dark Hard and Hard Winter Kansas City		No. 1 Dark N. Spring Minneapolis		No. 2 Hard Amber Durum Minneapolis		No. 2 Red Winter St. Louis		No. 1 Soft White Portland 1/	
	1952	1953	1952	1953	1952	1953	1952	1953	1952	1953	1952	1953
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Month												
Apr.	2.41	2.53	2.49	2.39	2.50	2.53	2.68	2.97	2.44	2.27	2.50	2.43
May	2.40	2.53	2.45	2.36	2.48	2.56	2.57	2.95	---	2.14	2.46	2.35
Week ended												
Apr. 10	2.42	2.52	2.50	2.36	2.52	2.53	2.76	2.97	---	---	2.50	2.43
17	2.42	2.54	2.49	2.40	2.49	2.54	2.72	2.98	---	---	2.50	2.42
24	2.41	2.52	2.49	2.38	2.47	2.52	2.61	2.98	2.38	2.24	2.50	---
May 1	2.40	2.54	2.48	2.40	2.49	2.54	2.55	2.96	---	---	2.48	2.41
8	2.42	2.53	2.48	2.38	2.51	2.55	2.56	3.00	---	2.19	2.46	2.38
15	2.39	2.55	2.42	2.38	2.48	2.57	2.59	3.00	---	2.17	2.44	2.36
22	2.42	2.52	2.44	2.32	2.49	2.54	2.55	2.92	---	2.03	2.44	2.34
29	2.39	2.52	2.43	2.25	2.47	2.56	2.60	2.90	---	---	2.50	2.33
June 5	2.37	2.47	2.40	2.21	2.46	2.53	2.48	2.84	---	---	2.50	2.27
12	2.41	2.49	2.34	2.21	2.52	2.55	2.64	2.90	2.23	---	2.48	2.28

1/ Average for daily cash quotations.

Table 5.- Wheat: Average closing prices of July wheat futures, specified markets and dates, 1952- 1953

Period	Chicago 1952	Chicago 1953	Kansas City 1952	Kansas City 1953	Minneapolis 1952	Minneapolis 1953
	Dollars	Dollars	Dollars	Dollars	Dollars	Dollars
Month						
April	2.38	2.23	2.31	2.25	2.35	2.34
May	2.35	2.14	2.29	2.18	2.35	2.31
Week ended						
April 10	2.40	2.26	2.32	2.28	2.37	2.36
17	2.36	2.23	2.30	2.25	2.34	2.33
24	2.36	2.22	2.30	2.24	2.33	2.33
May 1	2.35	2.20	2.29	2.24	2.34	2.33
8	2.36	2.18	2.30	2.22	2.36	2.34
15	2.35	2.15	2.29	2.19	2.35	2.32
22	2.35	2.13	2.29	2.17	2.36	2.30
29	2.34	2.08	2.28	2.12	2.34	2.27
June 5	2.32	2.03	2.26	2.09	2.32	2.24
12	2.32	2.02	2.26	2.09	2.35	2.24

Table 6.- Wheat: Prices per bushel in three exporting countries Friday mid-month, January-June 1953, weekly April-June 1953

Date (Friday)	HARD WHEAT United States No. 1 Dark Northern Spring 13 percent protein at Duluth 1/	HARD WHEAT Canada No. 2 Manitoba at Fort William 2/ 3/	HARD WHEAT United States No. 1 Dark Winter Galveston 4/	SOFT WHEAT United States No. 1 Portland 1/	SOFT WHEAT Australia 3/ 4/
	Dollars	Dollars	Dollars	Dollars	Dollars
Friday mid-month					
January 16	2.42	2.25	2.63	2.39	5/2.41
February 13	2.42	2.22	2.56	2.41	5/2.41
March 13	2.50	2.24	2.62	2.44	---
April 17	2.50	2.18	2.57	2.42	---
May 15	2.50	2.14	2.56	2.35	---
June 12	2.42	2.08	2.33	---	---
Weekly					
April 10	2.51	2 21	2.60	2.43	---
24	2.50	2.17	2.63	---	---
May 1	2.49	2.14	2.55	---	---
8	2.48	2.13	2.54	2.37	---
22	2.48	2.12	2.51	2.34	---
29	2.44	2.10	2.39	2.30	---
June 5	2.48	2.09	2.40	---	---

1/ Spot or to arrive. 2/ Fort William quotation is in store. 3/ Sales to non-contract countries. Converted to United States currency. 4/ F.o.b. ship. 5/ Average prices for the months of January and February. Not reported since then.

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